

“San Diegans for Job Promotion, Creation & Retention”

Presentation to the Citizens Revenue
Review & Economic Competitiveness
Commission

April 22, 2010

Coalition Members

- Asian Business Association
- BIOCOM
- Building Owners and Managers Association
- Building Industry Association
- California Restaurant Association, San Diego Chapter
- Gen-Probe Incorporated
- Industrial Environmental Association
- National Association of Industrial and Office Properties
- San Diego Association of Realtors
- San Diego County Hotel Motel Association
- San Diego Regional Economic Development Corporation
- San Diego Lodging Industry Association
- San Diego North Chamber of Commerce
- San Diego Regional Chamber of Commerce
- TechAmerica San Diego
- Qualcomm
- Westfield, LLC

Concerns

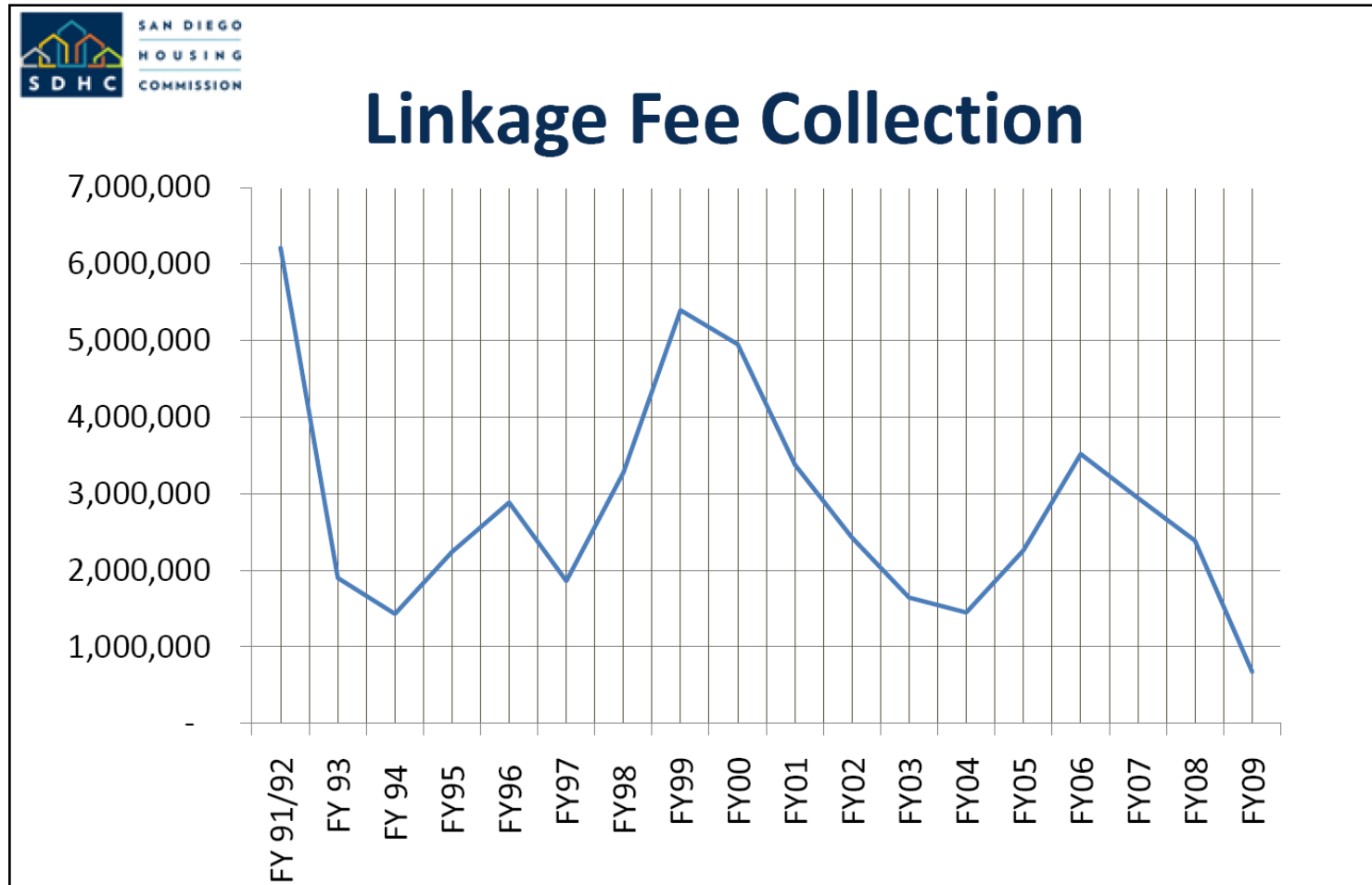
- Linkage fee puts San Diego at a competitive disadvantage
- Only the jobs creation sector is DIRECTLY targeted in the city to pay for affordable housing
- Increasing the linkage fee will further exacerbate any potential for economic recovery in the city
- Increasing the fee will also hinder efforts to redevelop areas in desperate need
- “Comparable cities” method is flawed and inaccurate

Why a linkage fee is a flawed way to achieve a laudable goal...

- It's a “jobs tax” that targets a narrow sector of the economy and raises, even in a strong economy, a limited amount of money
- It relies on economic growth, which, by its very nature, is cyclical
- Because of the cyclical nature of the economy, you see WIDE fluctuations in the amount collected, which makes predictability and budgeting nearly impossible



Historical Revenue from Linkage Fee

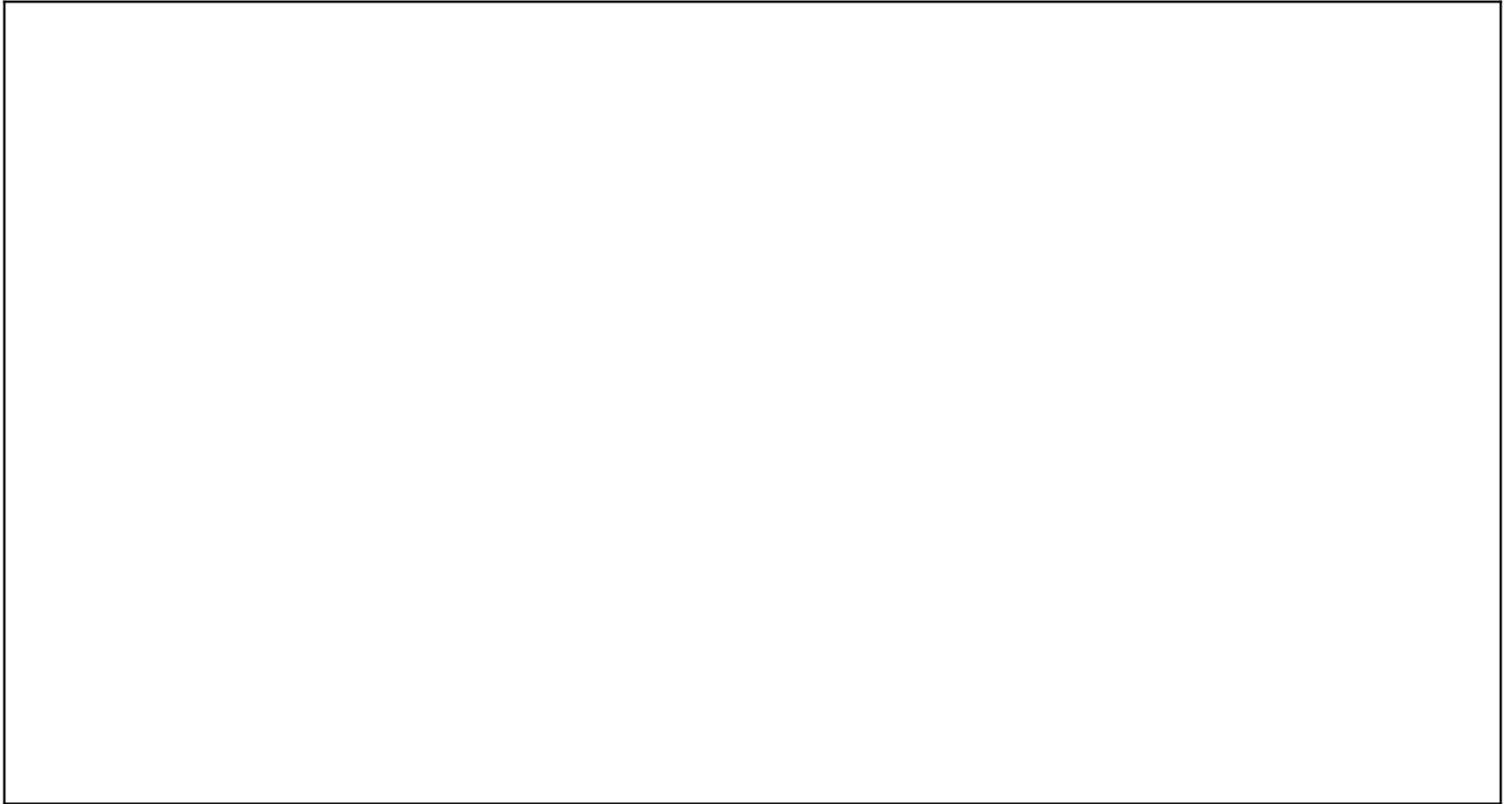




It could also drive businesses into
neighboring jurisdictions...or
elsewhere to our competitor
regions...



Jurisdictions in SD County with a “linkage fee”





Jurisdictions in SD County **HAPPY** to see the City of SD increase the linkage fee

County of San Diego	Carlsbad
Chula Vista	Coronado
Del Mar	El Cajon
Encinitas	Escondido
Imperial Beach	La Mesa
Lemon Grove	National City
Oceanside	Poway
San Marcos	Santee
Solana Beach	Vista



Who are our competitors outside of San Diego?

- We are competing with a variety of cities, many outside of CA
- Some have affordable housing related programs – but with fees from general sources
- Many offer many other economic benefits to encourage business location
- Unfortunately, useful comparative analysis by the SDHC or other linkage fee proponents has not included these “competitor regions”



EDC's Competitor Regions

Atlanta - Sandy Springs - Marietta	Georgia
Austin – Round Rock	Texas
Boston – Cambridge – Quincy	Massachusetts – New Hampshire
Dallas – Ft. Worth – Arlington	Texas
Denver – Aurora	Colorado
Miami – Ft. Lauderdale – Miami Beach	Florida
Minneapolis – St. Paul – Bloomington	Minnesota – Wisconsin
Orange County	California
Phoenix – Mesa – Scottsdale	Arizona
Portland – Vancouver – Beaverton	Oregon – Washington
Raleigh – Cary	North Carolina
Sacramento – Arden – Arcade – Roseville	California
Salt Lake City	Utah
San Francisco – Oakland – Fremont	California
San Jose – Sunnyvale – Santa Clara	California
Seattle – Tacoma – Bellevue	Washington
Tampa – St. Petersburg – Clearwater	Florida
Washington – Arlington – Alexandria	DC – Virginia - Maryland



Are there Viable Alternatives

- The original linkage fee report included other funding sources like:
 - Housing Impact Fees
 - TOT
 - Business Gross Receipts Tax
 - City wide LL&D or park fees
 - Utility User Fees
- The only option chosen was Housing Impact Fees (through inclusionary housing policy)

Recommendations

- Make a determination that the linkage fee is detrimental to the city's economic competitiveness
- Forward a recommendation to the council that they freeze the linkage fee at it's current level or eliminate it all together
- Recommend that if the council determines that affordable housing is a budget priority:
 - That recommendation encourage construction of ALL types of housing so that the 230,000 units of projected need by SANDAG can be accomplished
 - Fees be broadly based – not focused on new or expanded investment in the region